BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

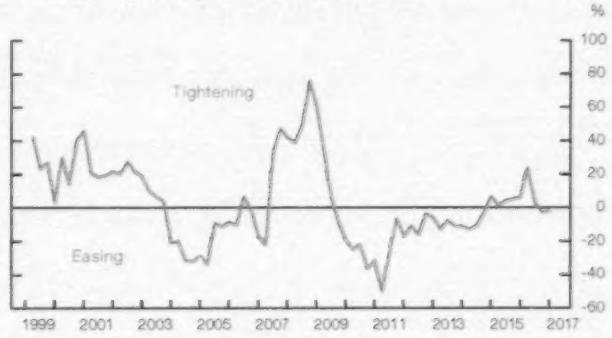
Results of the First-Quarter 2017 Survey | Vol. 10.1 | 3 April 2017

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2017.

- Survey results suggest that overall business-lending conditions were essentially unchanged during the first quarter of 2017 (**Chart 1**). This is the third consecutive quarter of unchanged lending conditions.[1]
- Non-price conditions were basically unchanged this quarter, following a slight easing in the fourth quarter of 2016. Price conditions remained unchanged for the third consecutive quarter (**Chart 2**).[2]
- Although overall non-price conditions were unchanged, there was some easing in British Columbia, targeted at both small-business and commercial borrowers. This was driven by an improved economic outlook, increased banking competition and changes to the business strategies of banks.
- The overall demand for credit decreased in the first quarter. Reduced demand from corporate borrowers was mainly due to a substitution to funds raised from capital markets. Decreased demand from small-business and commercial borrowers was concentrated in Quebec.
- Access to capital markets increased for all grades of borrowers in the first quarter of 2017.

Chart 1: Senior loan officers reported essentially unchanged lending conditions for Canadian non-financial firms...

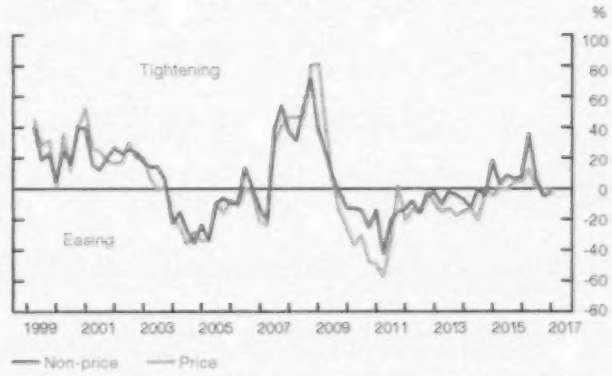
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...in terms of both price and non-price conditions

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small-business, commercial and corporate sectors.

1 Note that the balance of opinion suggests only the direction of the net change in lending conditions relative to the previous quarter; it does not provide information on the magnitude of the change.

2 The SLOS defines the pricing of credit as spreads over base rates rather than as the level of rates.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. This survey was conducted between 9 February and 10 March 2017. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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